

Decision 03-09-014 September 4, 2003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Harbor Bay Maritime, Inc., a California corporation (VCC-69), for a rate relief and a general passenger fare increase on its vessel common carrier service on San Francisco Bay between the Harbor Bay Ferry Terminal in Alameda and authorized points in San Francisco.

Application 03-08-001
(Filed August 1, 2003)

OPINION GRANTING FARE INCREASE

1. Summary

This decision grants the application of Harbor Bay Maritime, Inc. (applicant) for a general passenger fare increase on its Vessel Common Carrier service between Alameda and San Francisco, pursuant to Pub. Util. Code § 454. The current one-way adult passenger fare will be increased from \$5.00 to \$5.25.

2. Discussion

Applicant is authorized to operate as a Vessel Common Carrier (VCC-69) between Alameda and San Francisco. Applicant was last granted a fare increase by Decision (D.) 03-02-019. In that decision, a temporary fuel surcharge was made permanent without change in the overall fares.

Applicant states that increases in passenger fares over the levels in the current tariff are needed due to the following factors:

- a. Increases in Fuel Costs. The project budget for the year July 1, 2003 through June 30, 2003 estimates that vessel fuel

costs will increase by nearly \$30,000 over the prior fiscal year.

- b. Increases in Insurance Costs. Insurance costs have been increasing dramatically due to increased coverage requirements mandated by the City of Alameda and insurance cost increases due to security concerns arising from the World Trade Center/Pentagon bombings on September 11, 2001. Harbor Bay Maritime spent \$80,375 on insurance in fiscal year 2001-2002 and \$94,487 in fiscal year 2002-2003. Now that Harbor Bay Maritime has to obtain insurance for two vessels rather than one, based on actual insurance policy costs, the insurance for the year July 1, 2003 through June 30, 2003, will increase by nearly \$37,000 to \$131,400 by a 39% increase.
- c. Reduced Public Funding. The Alameda Harbor Bay Ferry Service has been receiving operational subsidies from a regional public funding source for several years: the Regional Measure 1-5% Reserve Funds administered by the Metropolitan Transportation Commission. For the year from July 1, 2003 through June 30, 2004, the allocation to Harbor Bay Maritime's ferry service has been reduced by \$15,000.
- d. Reduced Private Subsidies. Private subsidies from the property owners in the Harbor Bay Business Park collected by the Harbor Bay Business Park Association based on a formula of \$0.06 per occupied square foot per year are expected to be reduced compared to last year, since the occupancy of buildings in the Harbor Bay Business Park is declining rather than expanding due to vacancies caused by the economy. For example, over 200,000 square feet of buildings in the Lucent Technology Campus that were previously occupied and contributing subsidy funds to the ferry service are currently vacant and as such will not generate their share of private subsidies for the ferry service.

- e. Reduced Fare Box Revenues. While nearly all of the operational costs of the ferry service are not dependent on the number of passengers, the number of fare-paying passengers generating fare box income has been on the decline. The 54,396 total passengers on the regular commuter service for the first six months of the calendar year 2003 compared to the 69,077 total passengers for the same six months in 2001 represents a 21% decline, and compared to the 65,285 total passengers for the same six months in calendar year 2002, represents a 16.7% decline. While some downward spikes in ridership in specific months was probably due to some extended vessel downtime due to breakdowns (which has since been remedied by bringing another vessel into the service), Harbor Bay Maritime believes that contributing to the noted decline in passengers on this heavily commuter-based ferry service has been the dramatic loss of jobs in Downtown San Francisco resulting from the downturn in the communications-based, multi-media and marketing industries that had been drawing workers from the East Bay, as well as cutbacks in employment at the Harbor bay Business Park in Alameda for the reverse commuters from San Francisco.

Since 1994, the City of Alameda has provided publicly financed vessels to Applicant for its use thereby saving the cost of vessel lease payments as an expense line item for the service. Also, the City of Alameda assists Applicant in obtaining operational subsidies from State and regional funding sources administered by the Metropolitan Transportation Commission.

Applicant, in consultation with the staff of the City of Alameda, prepared an Operational Budget for the Alameda Harbor Bay Ferry Service for the fiscal year commencing July 1, 2003, a copy of which is included in the Application as Appendix C. The costs of operating this passenger ferry service for the fiscal year from July 1, 2003 through June 30, 2004, are estimated to total \$1,420,000.

The Operational Budget also lists sources of funds, including \$470,000 in fare box receipts, totaling \$1,420,000, resulting in a breakeven, no-profit operation.

The present fares and the proposed new fares to meet the expected shortfall in revenue requirement are set forth below:

Passenger Category	Current One-Way Fares in Tariff (1)	Proposed One-Way Fares Per This Application
Persons over 12 and under 62 years of age	\$ 5.00	\$ 5.25
Persons over 5 and under 12 years of age	\$ 2.25	\$ 2.50
Persons over 62 years of age	\$ 3.00	\$ 3.00
Military personnel	\$ 3.00	\$ 4.00
Handicapped persons	\$ 3.00	\$ 3.00
Tickets in weekly commute book (10 tickets)	\$ 40.00	\$ 42.50
Tickets in monthly commute book (20 tickets)	\$ 70.00	\$ 75.00
Monthly Pass	\$130.00	\$140.00

Note:

(1) These fares were approved by the Commission and have been effective since July 1, 2001. These fares originally included a temporary fuel surcharge, but they were made permanently effective by the Commission (without a fuel surcharge) in D.03-02-019 dated February 13, 2003. These fares are stated in the current Tariff revision issued by Harbor Bay Maritime, Inc. on February 24, 2003 and have been permanently effective as of March 10, 2003.

Applicant requests short notice authority under Pub. Util. Code § 491 so that the proposed rates can be published as soon as possible upon authorization.

Applicant also requests that this application be handled under the Commission's ex parte procedure for immediate approval, since there will be no adverse effects on other ferry services. Applicant states that these fares are the same as are expected to be charged by the Alameda/Oakland Ferry Service for equivalent service to and from San Francisco during the same period. On June 17, 2003, the City Council of the City of Alameda in a noticed public meeting considered and approved this proposed fare increase and authorized Harbor Bay Maritime to file this application with the Commission for a fare increase. Prior to the City of Alameda's public hearing, notice to the public was provided by onboard flyers on the ferry service and notice postings at the Harbor Bay Ferry Terminal, posting on the Harbor Bay Maritime's website for the ferry service, as well as by the City's public notice postings in local newspapers, at public buildings, and on the City's website.

Notice of filing of the application appeared in the Commission's Daily Calendar on August 6, 2003. A copy of the application was served on the affected cities and counties.

In Resolution ALJ 176-3117 dated August 21, 2003, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were necessary. No protests have been received. Given this status, public hearing is not necessary, and the preliminary determination made in Resolution ALJ 176-3117 is changed accordingly.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

3. Assignment of Proceeding

Loretta M. Lynch is the Assigned Commissioner and Bertram D. Patrick is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Applicant has experienced increased costs and reduced subsidies and ridership.
2. Increased new fares are required to allow Applicant to run its breakeven, no-profit operation.
3. No protest to the application has been filed.
4. A public hearing is not necessary.
5. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The proposed new fares are reasonable.
2. The application should be granted.
3. Since the matter is uncontested, the decision should be effective on the date it is signed.
4. Applicant should be authorized to publish the new fares and make them effective on not less than five days' notice. The 30-day notice requirement of Pub. Util. Code § 491 should be modified for good cause shown.

O R D E R

IT IS ORDERED that:

1. Harbor Bay Maritime, Inc. (Applicant), is authorized to establish the increased vessel common carrier fares set forth in the application.

2. Tariffs may be filed on or after the effective date of this order. They may become effective five days or more after the effective date of this order provided that the Commission and the public are given not less than five days' notice.

3. Applicant shall inform the public of the increased fares and rates and their effective date by posting notice on its vessels. Such notice shall be posted not later than the date the new fares and rates take effect and shall remain posted for not less than 30 days.

4. This authority shall expire unless exercised within 90 days after the effective date of this order.

5. The Application is granted as set forth above.

6. This proceeding is closed.

This order is effective today.

Dated September 4, 2003, at San Francisco, California.

MICHAEL R. PEEVEY

President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners